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Is the meat goat enterprise profitable and sustainable?

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Is the meat goat enterprise profitable and sustainable?

Abstract

Additional tools are needed to help producers successfully produce and market meat goats in Iowa. The project helped revise or create on-line tools to help producers monitor their operations more carefully.

Keywords

Market research and feasibility studies, Models and assessment tools, Niche meat dairy and poultry

Disciplines

Entrepreneurial and Small Business Operations | Marketing | Sheep and Goat Science | Statistical Models

Is the meat goat enterprise profitable and sustainable?

Abstract: Additional tools are needed to help producers successfully produce and market meat goats in Iowa. The project helped revise or create on-line tools to help producers monitor their operations more carefully.

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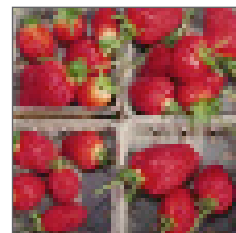
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Budget:

\$5,500 for year one
\$4,888 for year two

Would it be possible to gather enough production information from Iowa meat goat producers to create reasonable meat goat production budgets? From these budgets can good benchmarks be determined for reproductive goals, feeding efficiencies, and market expectations? What then is the profit potential for meat goat production? Is this potential durable across various enterprise sizes? Are the benchmarks attainable?



MARKETING

Addressing these questions can only begin by gathering actual records from producers in Iowa.

Background

Goat meat is the primary meat dish in many parts of the world. As more immigrants from the Middle East, Mexico and Asia arrive in the United States, the demand for goat meat has increased and Iowa farmers have responded. The 2007 Census of Agriculture reports 1,793 Iowa farms with 32,091 goats, compared with only 813 farms raising goats in 2002. Lyon and Sioux counties in northwest Iowa had the most farms and goats sold, according to the census.

Iowa meat goats sell for higher prices per pound than other typical livestock enterprises. However, in most cases, there is not enough income generated to cover the cost of production or yield a profit. One of the problems appears to be the lack of accurate, substantive record-keeping that would allow producers to make adjustments to improve the profitability of their operations.

Project objectives:

- Develop a Meat Goat Enterprise Analysis Program for producers to track, analyze and evaluate expenses, income and profitability for the tax year. This program will be used by five to 10 meat goat producers for one year and analyzed for enterprise outcomes.
- Develop relevant educational information for a one-stop location at the Agricultural Marketing Resource Center (AgMRC).
- In year 2, the core group of producers will be evaluated to see if they have made necessary changes to enhance the profitability of their operations.
- Five to 10 meat goat operations will start and complete the yearly Enterprise Analysis program.
- Develop a financial tool to budget for future expansion and purchases.
- Provide support in creating one or two area education opportunities that address challenges of meat goat production.



Meat goats being raised near Schaller, Iowa.

Approach and methods

It is difficult to determine if the meat goat enterprise is profitable or sustainable without good production records and budgets. Producers have found that there are many budget software programs available to keep track of their expenses and income stream. However, these budgets are not useful if the producers don't have the proper type of information to put into the budget program. Accurate values are different for each meat goat producer.

A Meat Goat Enterprise Analysis Program that tracks all income and expenses for the year has been developed. It will identify leaks in profitability, most often due to high feed cost, too many miscellaneous expenses, low kidding percentages, and market prices that are too low.

Results and discussion

The Iowa Sheep Enterprise Analysis software program was modified and adapted to the Meat Goat Enterprise Analysis software program. The South Dakota State University Animal Science and Economics Department's "Doe and Kids Farm Conditions" budget program was modified and adapted to Iowa numbers and farm conditions to project breakeven prices. The Iowa producer participants did not provide enough reliable, documented production records to substantiate an "Iowa-only" version of this budget program.

In cooperation with AgMRC, the investigators developed references and other educational resources for meat goat production. These are available on the AgMRC website at www.agmrc.org/commodities__products/livestock/goats/index.cfm

Conclusions

In general, meat goat producers have difficulty finding the time and effort to keep accurate records. A meat goat budgeting program with the ranges and averages of Iowa producer data is available to show the broad variations in producer profitability.

During the last few years feed costs have doubled while kid market price has remained stable. This seriously reduces the profitability and long-term sustainability of meat goat production. The small number of goats on inventory per farm makes it easy to cease production. A 2009 survey indicated that one-third of the producers who attended a meat goat education meeting in the past three years have exited the meat goat business.

Significant improvements are needed in breeding herd management and efficiency to increase litter size. This will spread high input costs over more kids and increase total market income. However, this also would require producers to maintain proper body condition for each stage of production, improve internal and external parasite control, and regulate feed costs for all phases of production.

Enterprise analysis must be strengthened to identify and reduce leaks in profitability. At this point, some producers are able to produce meat goats profitably while others are not.



Typical examples of meat goats in northwest Iowa.

This is true industry-wide, from the smallest to the largest producers. However, the smaller hobby-sized producers, hoping to move up into a profit-generating enterprise, are finding reasonable production benchmarks difficult to meet.

Education and outreach

Numerous events in 2007 dealt with meat goat production in northwest Iowa, including a meat goat barn tour, five youth meat goat education sessions, five youth meat goat shows, and a meeting in Orange City attended by 52 people. A 2008 summer meeting on meat goats

attracted 39 participants to a farm near Sioux Center.

Project investigators were interviewed seven times on local radio stations and produced newsletter articles and a *Northwest Ag* magazine feature on meat goat production.

Publications included a meat goat enterprise analysis software program, a meat goat enterprise budget spreadsheet program, and three Powerpoint presentations on corn processing co-products for small ruminants, multiple tools for internal parasite control, and feed cost control. The enterprise budget can be found at this website:

<http://extension.agron.iastate.edu/sustag/enterprisebudgets/livestock.html>

Leveraged funds

The ISU College of Veterinary Medicine Diagnostic Production Animal Medicine unit provided hundreds of dollars of services at no cost to several northwest Iowa veterinarians to help meat goat producers identify health problems with their animals.

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